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PP RUEHMA RUEHPA  
DE RUEHUJA #1593/01 1771049  
ZNR UUUUU ZZH  
P 261049Z JUN 06  
FM AMEMBASSY ABUJA  
TO RUEHC/SECSTATE WASHDC PRIORITY 6214  
INFO RUEHOS/AMCONSUL LAGOS 4450  
RUEHZK/ECOWAS COLLECTIVE  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 ABUJA 001593

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STATE PASS TO USTR  
TREASURY FOR DPETERS  
USDOC FOR 3317/ITA/OA/KBURRESS  
USDOC FOR 3130/USFC/OIO/ANESA/DHARRIS

E.O. 12958: N/A

TAGS: [ECON](#) [SENV](#) [EAID](#) [EIND](#) [PGOV](#) [NI](#) [CM](#)

SUBJECT: ECONOMIC LIFE BUDS IN NIGERIA'S CROSS RIVER STATE

REF: ABUJA 1138

11. Summary: Economic officer and REO visited Cross River State to examine its economic infrastructure and potential for ecotourism. Officers had a wide range of meetings with local figures, including Cross River Governor Donald Duke. Duke emphasized his plans to develop the state's agricultural and tourism sectors. His goal is for Cross River State by 2010 to be Africa's No. 1 tourism destination. Duke termed the Tinapa Business Resort, a \$300 million project now under construction outside Calabar, the state's "crown jewel." Tinapa will feature an impressive variety of attractions and is an unusual example of private-sector activity in Nigeria. Duke was noncommittal about his political future following the end of his second term, after which is he not allowed to run again. End summary.

12. Economic officer and regional environmental officer (REO) visited Cross River State, on Nigeria's eastern border with Cameroon, to examine its economic infrastructure and potential for ecotourism. Officers had a wide range of meetings with local figures, including Cross River Governor Donald Duke, state officials, and non-government organization environmentalists.

Cross River governor a big tourism booster  
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13. Governor Duke said Cross River's main challenge is its limited availability of land, because Cross River National Park occupies about one-third of the state. Duke emphasized developing the state's agricultural and tourism sectors, in which Cross River had a comparative advantage. Agriculture was a "longer-term function" on Duke's agenda. Local officials and Cross River environmentalists said Duke has increased his focus on tourism, at the expense of agriculture, probably because he can promote tourism more quickly and inexpensively.

Cross River to be West Africa's No. 1 tourism destination?  
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14. Duke said his goal is for Nigeria, and specifically Cross River State, by 2010 to be Africa's No. 1 tourism destination. At a minimum, the state should overtake Ghana as West Africa's primary travel destination. Cross River was at the end of West Africa and where Central Africa began. Calabar had a rich history, including colonial architecture and its slavery museum, which Duke expected to appeal to American tourists. Calabar was a major trading port in the West African slave trade.

¶5. Duke termed as the state's "crown jewel" the Tinapa Business Resort, now under construction and located 5 miles north of the state capital of Calabar. Tinapa promotes itself on CNN International television as "Africa's Premier Business Resort," though its completion is still a year off. The shopping complex will target the roughly 500,000 expatriates living and working in Nigeria, wealthy Africans, and Nigeria's upper class, who currently spend much of their disposable income abroad. Duke said Africans seeking shopping and leisure no longer will need to fly to Dubai. Prices for luxury goods sold at Tinapa would be lower than in Paris, he claimed.

¶6. The governor said 2,500 people worked on the Tinapa project and this figure would rise to 4,000. He visited the construction site three times a week and sent his representative there each work day. Construction was expected to finish by the end of March 2007. Tinapa was a \$300 million project, with 21.5 billion naira (about \$168 million) so far invested in the project. All the capital was Nigerian, and Cross River State would bear the cost of Tinapa's infrastructure. (Comment: A broad range of persons in Calabar instead insisted that former Liberian President Charles Taylor and Taylor family members were major investors in the Tinapa project. End comment.)

Tinapa Resort to offer many delights  
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¶7. Tinapa, which located on a manmade inlet leading off the Calabar River, will feature 4,000 parking spaces, and four shopping and restaurant emporiums of 10,000 square meters each. The complex will have a large hotel, a monorail, a

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multiplex movie theater, and a water park. Additional attractions would be added during its second and third phases. Duke was working to entice Nigeria's film industry ("Nollywood"), which produced 1,500 movies annually, to move to Tinapa. Tinapa would include a "Cinema City" film-production facility.

Economic privileges and the Calabar Free Trade Zone  
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¶8. Tinapa is contiguous to the Calabar Free Trade Zone, established in 1992 to help develop export-oriented manufacturing industries in the non-oil sector. The Government of Nigeria (GON) granted investors in the Tinapa project "special-purpose-vehicle" status, exempting them from all federal, state, and local-government taxes, freedom from foreign-exchange regulations, from import or export licenses, and from limits on foreign managers and foreign skilled workers. The GON permitted approved enterprises to import, free of duty, capital goods, consumer goods, raw materials, and other components. (Comment: This is unusual freedom to operate in Nigeria, where business is heavily and intrusively regulated. End comment.)

¶9. Duke was noncommittal about his political future following the end of his second term in 2007, after which he is not allowed to run again for governor. He would say only, "It is important to prepare one's successor."

Comment  
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¶10. Governor Duke spends money on state projects even in parts of Cross River that opposed him politically, according to environmental contacts. This relatively nonpartisan spending is unusual in Nigeria. Duke appears to be more serious than most of his Nigerian gubernatorial contemporaries about the need for economic development to benefit constituents - although this growth sometimes occurs in ways that concern foreign environmentalists. Private

enterprise, in the form of small businesses and shops, appeared more prevalent and healthy in Calabar than in many other Nigerian cities. Duke chose wisely in pursuing agriculture and tourism, although it remains to be seen what sustainable results these choices will produce.

¶11. If Duke and his successors succeed in pushing Calabar and Cross River as tourist destinations, they may have to deemphasize the association with Nigeria and promote them as independent destinations and West Africa's gateway to Central Africa. If the Tinapa project lives up to its hype, the resort will be impressive in the Nigerian national context, where the non-oil, private-sector economy remains seriously underdeveloped. Duke's goals for Tinapa are ambitious. No city in Nigeria except Lagos has such entertainment facilities, and Lagos's are not concentrated in one place. For Calabar to open a movie theater would be impressive, especially if the city does so before Abuja and its roughly 7.5 million inhabitants receive their first movie theater. Currently, Nigeria's approximately 130 million people enjoy only three modern movie theaters - all in Lagos.

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